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South and East Asia Report

No. 838

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INTER-ASIAN AFFAIRS

BRIEFS

JAPANESE CREDIT TO PAKISTAN--Under an agreement, Japan is to give Pakistan commodity assistance amounting to about \$35.2 million. Notes to this effect were exchanged in Islamabad 8 August between the two countries. The loan is in accordance with Pakistan's request to the aid-to-Pakistan consortium which met in Paris in last June. The total Japanese assistance to Pakistan in the current financial year will amount to about \$66 million. [Karachi Domestic Service in English 1700 GMT 9 Aug 79 BK]

BANGLADESH RECEIVES JAPANESE GRANT--Bangladesh is to get over \$30 million from Japan as grant during the current fiscal year. The grant will be utilized for the purchase of rice from Thailand, Burma and Japan and the construction of 23 food warehouses. [Dacca Domestic Service in English 1530 GMT 6 Aug 79 BK]

JAPANESE AID TO SRI LANKA--Japan has pledged to give Sri Lanka 40 million rupees in aid to develop the local fishing industry. This includes supplying of equipment for the fisheries training program. This decision has been conveyed to the minister of fisheries by a Japanese delegation now in the island to make a preliminary study for special program to modernize the country's fishery sector. [Colombo International Service in English 1045 GMT 3 Aug 79 BK]

INDIAN LOAN TO SRI LANKA--India has agreed to give Sri Lanka a loan of 180 million rupees this year under very favorable terms. It was officially stated in Colombo that this loan will be the highest Indian loan under the commodity loan agreement since 1967. The loan is expected to be repaid within 15 and 1/2 years at 5 percent interest. [Text] [Delhi General Overseas Service in English 1000 GMT 12 Aug 79 BK]

PAKISTAN DELEGATION TO PRC--A delegation of the Cotton Export Corporation under the leadership of the chairman of the corporation arrived in Beijing where they will review the possibilities of cotton sales to China. The delegation will also visit Shanghai and later Hong Kong. [Karachi Overseas Service in Urdu 0800 GMT 8 Aug 79 BK]

AUSTRALIAN-PRC SUGAR CONTRACT--Brisbane, August 2 (AFP)--The Queensland Sugar Board has sold 100,000 tonnes of sugar to China. The contract, negotiated through the board's agents, CSR Ltd., is worth 16 million Australian dollars, based on the current London price of 160 Australian dollars per tonne for raw sugar. Quota restrictions imposed under the international sugar agreements have prevented Australia from exporting more than two million tonnes of sugar annually although the industry has the capacity to supply much larger amounts to the overseas market. These restrictions have kept down the export level to China. In the previous two years, more than 250,000 tonnes per annum were sent to China. The current sale, essentially a spot sale since the sugar is for delivery over the next few months, has been made to the China National Cereal Oil and Foodstuffs Import and Export Corporation. [Text] [Hong Kong AFP in English 0115 GMT 2 Aug 79 OW]

PAKISTAN-CHINA AGREEMENT--Pakistan and China have signed a revised border trade agreement in Gilgit. The agreement also ratifies the border trade agreement signed between the two countries at Urumchi, the capital of the Chinese province of Xinjiang, in June this year. Pakistan will export to China local products of dried fruit, nylon scarves, leather goods, cotton daris [blankets] and medicinal herbs. It will import from China agricultural implements, hardwares, tools and plants, furcoats, utensils and crockery. The first caravan carrying goods from Pakistan will leave Gilgit for China in October this year. The Chinese trade caravan will arrive in Gilgit from Xinjiang in November. The agreement was signed by the leader of the Chinese trade delegation, Mr (Lin Tenzeh) and the acting resident commissioner for the northern area, Mr Farook Khan, on behalf of their respective countries. [Text] [Karachi Domestic Service in English 1700 GMT 10 Aug 79 BK]

AFGHANISTAN SEEKS PAKISTANI AID--According to information received by trade bodies in Karachi, Afghanistan has shown interest in cooperation with Pakistan in the field of PVC cable manufacturing. An Afghan firm, which is setting up a big PVC cable manufacturing plant in Kabul, has approached Pakistan for providing technical knowhow. [Text] [Karachi Domestic Service in English 1700 GMT 11 Aug 79 BK]

CSO: 4220

AUSTRALIA

BRIEFS

FOREIGN INVESTMENT--There has been a dramatic jump in foreign investments in Australia in the second quarter. Treasurer Howard says there were more than 280 foreign investment proposals worth \$1,400 million, three times the amount during the March quarter and double the average quarterly total last year. The Foreign Investment Review Board rejected only two applications. [Melbourne Overseas Service in English 0500 GMT 6 Aug 79 OW]

CSO: 4220

BANGLADESH

BRIEFS

FRG DEBT WRITEOFF--West Germany has written off debts worth 856 million deuchmarks given to Bangladesh since 1973. An agreement to this effect was signed in Dacca 9 August. The debt relief includes all loans extended to Bangladesh within the framework of German economic cooperation. [Text] [Dacca Overseas Service in English 0445 GMT 10 Aug 79 BK]

CSO: 4220

PAPER REPORTS ON 'PLANNED' MIZO REBEL ACTIVITIES

Delhi INDIAN EXPRESS in English 1 Aug 79 p 1 BK

[Express News Service]

[Text] Shillong, 31 July--The outlawed Mizo National Front had planned to carry out a blitzkrieg on Aijal, capital of Mizoram, and other district headquarter towns on or around independence day.

The diabolical plot has come to light during the interrogation of the half-a-dozen men of the "special task force" of the Mizo National Army, who were captured at Melthum about 10 km from Aijal and two other rebel hideouts on the outskirts of the capital yesterday.

The special task force, as already retorted, had also been as already reported, had also been assigned the job of liquidating some VIPs, including the Lt Governor, Mr N. P. Mathur, and chief minister, Brigadier Sallo, kidnapping of senior civil and police officers, blowing up of the All India radio transmitter and cutting off the water supply to the capital and disrupting communications between Mizoram and rest of the country.

This special task force, composed of about 30 crack China-trained commandoes, was led by self-styled "Major" Lalrawna and was busy stockpiling arms, ammunition and explosive devices in the vicinity of Aijal.

In yesterday's raids on the three rebel hideouts, a rich haul of weapons, ammunition and explosives was seized. Among the captured material were rockets, 2-inch mortars, automatic rifles, guns and pistols. The rockets, which could be launched from the shoulders of the commandoes and could hit big targets from a distance, bear American markings.

Documents containing MNA operational plans and hierarchical details were also captured from the hideouts. Among the documents were some recent photographs of top rebel leaders with the MNF chief, Laldenga taken at New Delhi and some group photographs of the guerrillas undergoing training in China.

The six captured commandoes include a "captain," two "corporals" and three "privates" of the MNA. They were today identified as Roliana, Thangchung, Zomawia, Deuglira, Lalchungnunga and Lalthanga.

The leader of the group "Major" Lalrawna, however, managed to escape.

Aijal, Lunglei, Kolosib and other district towns of Mizoram are already placed under dusk-to-dawn curfew.

CSO: 4220

CONSTRUCTION COOPERATION WITH USSR

Moscow SOVIET MILITARY REVIEW No 5, May 79 p 52

[Text] In March 1979 A. N. Kosygin, Member of the Politbureau, CPSU Central Committee, Chairman of the USSR Council of Ministers, went on an official visit of friendship to the Republic of India. During the visit both parties discussed key aspects in strengthening cooperation between the two countries, and also matters bearing on international peace and social progress. The sides signed a long-term programme for economic, trade, scientific and technical cooperation between the USSR and India, an agreement on cooperation in the sphere of medicine and public health and also a series of other documents.

The advance of independent India to economic progress has been inseparably linked with Soviet-Indian cooperation. In December 1953 the USSR and India signed their first long-term trade agreement, and in February 1955—their first intergovernmental contract on construction in Bhilai (India) of an iron and steel works with Soviet economic and technical aid.

Since then several dozen big industrial enterprises have been built with Soviet assistance in India. They form a part of the state sector in India's national economy. Among them are the gigantic iron and steel works in Bhilai and Bokaro and the heavy engineering works in Ranchi.

Soviet experts have rendered serious assistance to this friendly country in prospecting oil and developing close on 40 oil fields with an annual production of about ten million tons. The Indian oil refineries built with Soviet aid process about one third of the oil consumed by India, both its own and imported.

The industries built on Indian soil with Soviet aid are designed to produce annually over 10 million tons of steel, 100,000 tons of aluminium, over 12 million tons of

oil products, 125,000 tons of steel-making, mining and other heavy equipment. The electric power stations equipped with Soviet-made generating units account for 20 per cent of India's total electricity output. India is preparing to launch its second artificial Earth satellite by means of a Soviet rocket.

The programme for Soviet-Indian economic, trade, scientific and technical cooperation designed to function over a period of 10-15 years which was initialled at Delhi in December 1978 opens broad prospects for further advancement and extension of relations. The Soviet Union will assist India in the designing and construction of still another iron and steel works in Visakhapatnam, in the construction of an aluminium works on the east coast and of several other industries. At present work is in full swing on such projects of Soviet-Indian cooperation as an underground railway in Calcutta, an aluminium works in Korba and others.

Among the developing countries India is one of the USSR's biggest trade partners. The turnover between the two countries increased from 17.5 million rupees in 1953 to nearly 11,000 million rupees in 1978. Under the terms

of the Soviet-Indian trade protocol for 1979 the turnover will show a further 20 per cent increase.

Soviet-Indian economic relations are built on principles of equality and mutual advantage. The Soviet Union purchases from India tea, jute, coffee, spices and skins. In recent years India has been supplying more engineering products, electronic equipment and other finished goods to the Soviet Union. This stimulates the development of Indian national industries.

Soviet-Indian relations promote peace and security between the peoples. They are based on principles of mutual respect, sovereign equality and non-interference in one another's internal affairs. Precisely these principles formed the basis of the Soviet-Indian Treaty on Peace, Friendship and Cooperation signed in 1971.

Addressing the 25th Congress of the Communist Party of the Soviet Union Comrade L. I. Brezhnev said:

"Close political and economic co-operation with the Republic of India is our constant policy. Soviet people appreciate and, more, are in solidarity with India's peace-loving foreign policy and the courageous efforts of her progressive forces to solve the country's difficult socio-economic problems."

The Soviet Union appraises highly India's constructive approach to vital world problems. It helps establish the principles of peaceful coexistence between the states, abolish dangerous centres of international tensions and curb the arms race.

The Soviet people showed satisfaction at the stand of the Indian government on China's aggression against the independent and sovereign Vietnam. The Indian government condemned China and demanded that it withdraw its forces from Vietnamese territory.

The government and people of India have a high regard for Soviet-Indian ties, which are growing stronger and stronger. In this connection M. Desai, the Indian Prime Minister, said:

"Indian-Soviet trade and economic relations have become an important element in the entire complex of our relations... Speaking in the name of the government and people of India I would like to express our gratitude to the Soviet Union for its constant support in matters of vital importance to India."

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CSO: 4220

BRIEFS

SWEDISH SUBMARINE TECHNOLOGY--New Delhi, 6 Aug--India is likely to buy the latest Swedish technology for augmenting its submarine fleet. The Cabinet Committee for Political Affairs is yet to take a decision. But it is unlikely that it will go against the recommendation of the experts on this crucial matter even though most of the negotiations for the purchase were conducted during Mr Morarji Desai's term in office. At present, the navy has eight Foxtort class, conventional, 2,400-tonne Soviet-built submarines, capable of carrying 70 crew members. Since the early 70s the navy has been pressing for an augmentation of its submarine fleet to protect the 4,000 miles of coastline, the 200-mile economic zone and 1,280 islands, with smaller and more nimble submarines. The latest Swedish submarine, custom-made for Indian conditions was believed to have been found most suitable in terms of cost, delivery schedule and the fact that it was free of any possible NATO constraints that might arise in the future. Earlier thinking was that India would buy two submarines outright and manufacture four in the country, possibly at the Mazagon Docks in Bombay. But the latest seems to be that only one submarine be bought and three be manufactured in the country. [Excerpts] [Delhi INDIAN EXPRESS in English 7 Aug 79 p 1 BK]

STEEL PRODUCTION LOSSES--New Delhi, 13 Aug (AFP)--The giant Soviet-aided Bokaro Steel Plant in Bihar, in north-eastern India, has lost an estimated 36,000 tons of saleable steel production during the first 4 months of the current financial year due to "erratic power supply," reports reaching here said. Hit by one of the worst power shortages, the plant was today badly crippled with two of its three major production units shut down. While the hot strip mill and the cold rolling mill are completely idle, only partial working was on in the slabbing mill. The shut-off began in the early part of August following unprecedented power shortage. The report said, quoting official sources, the plant suffered the worst ever power stripping in July when it was under restricted power supply for a prolonged period. Three major state owned steel plants--Bokaro, Durgapur and Indian Iron and Steel--were hit hard by power shortage resulting in a total production loss of 250,000 tons of saleable steel during the first four months (April-July) of the current financial year. [Text] [Hong Kong AFP in English 1149 GMT 13 Aug 79 BK]

SOVIET MEDICAL COOPERATION--Indian and Soviet doctors will cooperate in the field of cancer research and work together in treating prophylaxis of cardiovascular, epidemic, parasitic eye diseases, social hygiene, microbiology and pharmacy. This has been stated by Soviet Deputy Minister of Public Health D. Benediktov in an interview to APN. [Delhi ISI Diplomatic Information Service in English 0805 GMT 10 Aug 79 BK]

MIZO REBELS SURRENDER--In Aijal, another group of 104 members of the outlawed Mizo National Front and its armed wing today declared themselves as loyal citizens of the country. They took an oath of allegiance to the constitution of India at a brief ceremony before the inspector general of police. They swore that they will help the authorities in restoring permanent peace in the union territory. This is the second batch of 300-strong Mizo National Front hardcore led by self-styled Brigadier General (Baichunga) to join the national mainstream in the last 14 days. The first group of 100 men came over overground on the 1st of this month. The remaining members are likely to come overground after certain formalities are completed. Mr (Baichunga) is the former president of the underground setup, former chief of the underground army and signatory to the peace agreement of July 1976. Three self-styled majors and seven self-styled captains including Mr (Lal Sangliana Sailo), son of the Mizoram chief minister, were in today's group. [Text] [Delhi Domestic Service in English 1230 GMT 14 Aug 79 BK]

MACHINERY FOR USSR--The Soviet Union is to import machineries worth about 1.7 billion rupees from India. A Soviet export concern has signed a protocol for this with the state-owned Machinery and Allied Manufacturing Corporation in Durgapur. The export will be completed within 2 years. [Delhi Domestic Service in English 0240 GMT 30 Jul 79 BK]

ABOLISHING SPECIAL COURTS--New Delhi, 3 Aug (AFP)--About 250 practising lawyers of Delhi today presented a memorandum to President Neelam Sanjiva Reddy demanding abolition of the special courts set up to try former Premier Mrs. Indira Gandhi, her younger son Sanjay and others for alleged excesses during the 1975-77 emergency rule. They also wanted withdrawal of the cases before these courts, A. R. Antulay, general secretary of Mrs. Gandhi's Congress Party (Indira faction), told reporters today. He said a similar appeal had been made to Prime Minister Chaaran Singh. The lawyers' move is viewed with interest here in the background of the support extended by Mrs. Gandhi's party to Mr. Singh before being invited by the president last month to form the new government in succession to the one headed by Morarji Desai which fell on July 15 last. Mr. Singh's own Janata (secular) has no majority of its own and he has set up the government in alliance with the official Congress Party and with the backing of several other parties and groups, including Mrs. Gandhi's. [Text] [Hong Kong AFP in English 1734 GMT 3 Aug 79 BK]

SOLAR ENERGY PROTOCOL--Indian and Soviet scientists have finalised time bound programmes on solar energy research, reports PTI. A protocol on Indo-USSR collaboration on solar energy was recently signed by Doctor D. J. Mehta, director of the Central Salt and Marine Chemicals Research Institute (CSMCRI) in Bhavanagar and Doctor V. I. Savin of the USSR Ministry of Power and Electrification. Three projects have been identified for joint work at CSMCRI and the National Physical Laboratory in India and at the Krzhizhanovskiy Power Engineering Institute and the Institute of Physical Studies of the USSR. [Text] [Delhi ISI Diplomatic Information Service in English 1436 GMT 7 Aug 79 BK]

CSO: 4220

WORLD BANK REPORTS ON ECONOMIC ADVANCEMENTS

Jakarta SINAR HARAPAN in Indonesian 5 May 79 pp 1,15

[Article: "In World Bank View Indonesia Is a Country of Promise and Challenge"]

[Text] In 1967 Indonesia was nicknamed the greatest failure among developing nations in the economic sphere. Twelve years later, however, the World Bank judges Indonesia to be successful in restoring its economy, in achieving a satisfactory level of monetary stability, and in recovering credibility overseas.

According to the World Bank, "Indonesia is succeeding in raising the material welfare of the greater part of its population, including those who formerly had the lowest income."

Although it is pointed out that there still are some imbalances in income, the World Bank nonetheless agrees that "absolute poverty evidently is diminishing markedly."

The nickname was first applied to Indonesia by the economist Benjamin Higgins, in his book "Indonesia: Chronic Dropout" published in 1967. The World Bank found it hard to differ with Higgins' opinion, because the Indonesian economy at that time was in that bad a state.

Inflation had jumped to 650 percent, exports had dropped by 40 percent, mainly because of the drop in the price of rubber, and food and clothing were hard to come by because prices were not controlled. Foreign and domestic political conflicts made the situation even worse.

However, Indonesia is different 12 years later. Changes occurred when the New Order Government took steps in 1967/68 to improve the situation, beginning with stabilizing and rehabilitating the economic infrastructure. Credit was tightened, the budget was balanced, the interest rates on loans and deposits were changed, a realistic exchange rate was established for the rupiah, debt repayment was renegotiated, and new loans were obtained at low interest rates.

Through these initial measures, Indonesia was able to suppress inflation, increase government revenue, double production, particularly of food, and revive

exports. The World Bank has admitted this in its report, saying, "Indonesia succeeded in mastering its situation so that it became possible to initiate the first Pelita [Five-Year Development Plan]."

After two Pelitas, Indonesia in 1979 was described in the following terms:

- + the gross national product increased 9 percent annually,
- + inflation dropped to 6.7 percent (in 1978),
- + food production reached a record level of 17.5 million tons,
- + the economy grew at an annual rate of 7 percent although the target was set at 7.5 percent,
- + investment rose from 18 percent to 21 percent of the total gross national product,
- + other agricultural production such as rubber, palm oil, coffee, and sugar rose between 2 and 4 percent,
- + foreign exchange reserves reached \$2.7 billion.

Although these were considered good results, Indonesia nevertheless could have achieved far better results if the situation during these 12 years had not been complicated by the foreign economic crisis.

Indonesia, now said to be at a crossroads, is determined to reach "take off." The launching pad has been prepared during the past 12 years.

The Indonesian economy is expected to grow at an annual rate of about 6.5 percent in the next 5 years. New job opportunities may enable 6.4 million workers to earn a living. This will be achieved, the World Bank said, through investment, fiscal, monetary, and regional development policies. As much as 79 percent of national savings will be mobilized to finance projects. Foreign funds will cover 21 percent of requirements.

Nonoil exports are projected to increase by 16.5 percent annually and oil and LNG [liquefied natural gas] exports by 6.4 percent. In the final year of Pelita III the value of nonoil exports will, for the first time, be greater than the value of oil exports. This became a possibility after the rupiah devaluation of 15 November of last year. The devaluation was aimed at restoring the competitive power of Indonesian export items and reducing imports.

Results of the work done up to the present can be the basis for investigating in detail whether the development goal can be achieved in the next 5 years.

One way of measuring the economic strength of a nation is its export capability, the producer of foreign exchange. Indonesian exports in the beginning of Pelita I earned only \$665 million. Ten years later (1977) exports earned \$10.7 billion. Oil exports rose from \$239 million to \$7.2 billion. Nonoil exports rose from \$425 million to \$3.5 billion; timber exports rose from \$6 million to \$943 million.

Another way of measuring economic strength is capital investment. During the period 1967-77 foreign investment amounted to \$6.56 billion. The greater part

was invested in developing steel, chemical, and textile industries and forestry, construction, and agriculture.

Regional development funds invested in INPRES [development program based on presidential instruction] projects rose by 2.6 billion rupiah (1969/70) to 308 billion rupiah (1977/78).

Another way of measuring economic strength is job opportunities. The labor force in Indonesia rose by 4.7 percent each year from 1971 to 1976. Job opportunities also rose so the increase in the labor force could be absorbed each year.

Indonesian credit-worthiness also is a measurement. Foreign aid is not made available if it is believed that Indonesia is incapable of repaying its debts. IGGI [Intergovernmental Group on Indonesia] aid, which amounted initially to \$200 million in 1967, continued to increase to \$325 million (1968), \$500 million (1969), \$600 million (1970), \$640 million (1971), \$670 million (1972), \$720 million (1973), \$870 million (1974), \$920 million (1975), \$1.12 billion (1976), \$2.1 billion (1977), and \$2.5 billion (1978).

For fiscal year 1980, Indonesia is to receive \$2.775 billion in aid from IGGI. This amounts to one-quarter of the total budget.

Foreign aid clearly is increasing. However, from the aspect of trade composition, official development assistance continues to decline, while project aid is increasing to a degree. The rate of interest accounts for the difference.

Official development assistance is offered at an interest rate of less than 3 percent while the annual interest rate for project or export aid is about 8 percent.

It is believed that offers of project aid will continue to increase because the Indonesian economy is considered to be increasingly capable of repaying its debts. Annual installments are regulated in such a way that they are no more than 20 percent of the total export revenue.

Although foreign aid continues to increase, government savings are also rising each year. The percentage of foreign aid (financing) compared to the increase in total government savings each year evidently is dropping. The proportion of foreign aid in the APBN [national budget] is also tending to decline.

When Pelita I began, foreign aid accounted for 29.4 percent of the total national budget. The percentage of foreign aid dropped for each year of Pelita I: 28.9 percent (1970/71), 27.1 percent (1971/72), 23.4 percent (1972/73), 19.9 percent (1973/74), and 13 percent (1974/75).

During Pelita II, foreign aid as a percentage of the national budget varied from 21.7 percent (1975/76), 26.9 percent (1976/77), 21.7 percent (1977/78), 21.3 percent (1978/79), and 21.5 (1979/80).

In the coming 5 years Indonesia needs at least \$2.3 billion annually in official aid. This estimate is based on the recommendation of the World Bank at the 22d session of the ICGI held in Amsterdam at the beginning of April.

After studying Indonesian economic development thus far, the World Bank concludes that the "Indonesian Government, which is succeeding in restoring its economy (which was almost bankrupt in 1966), is overcoming various economic crises, is creating a satisfactory monetary stability, and is recovering overseas credibility."

Due to overall improvement, Indonesia is said "to have made advances in the level of income for most of the people, including those who formerly earned the least income."

Nevertheless, the situation in the coming 5 years is predicted to be more difficult because of the need to make changes in the economic structure. However, the long-term prospect is rather optimistic because of Indonesia's success in reducing the rate of population growth in Java and Bali.

If Pelita I stressed stability and Pelita II gave priority to economic growth, Pelita III gives number one priority to equalization in eight fields--basic necessities (particularly clothing, food and shelter), income, work opportunities, business opportunities, regional development, training and health, justice, and opportunities for the young generation and women to participate in development.

Growth and stability follow equalization in the development trilogy which is the policy model for the coming 5 years.

Although many good results have been achieved, there are increasingly difficult challenges still to be faced. Dr S. Shahid Husain, vice president of the World Bank for East Asia and the Pacific, concludes that results of the two Pelitas "have been remarkable by any standard." Even though many problems remain, World Bank economists believe "Indonesia remains a country of great promise and challenge."

6804

CSO: 4213

EXPERTS DISCUSS INDONESIA'S HEAVY DEPENDENCE ON CREDIT

Jakarta MERDEKA in Indonesian 30 May 79 p 1

[Article: "Bratanata Says Indonesia's Debt Will Increase Threefold by 1990"]

[Text] It is estimated that Indonesia's overseas debt will increase threefold by 1990. Such dependence can no longer be called normal dependence. On the contrary, it seems more symptomatic of strangulation through indebtedness acting as a device for neocolonialism. Slamet Bratanata, former Indonesian minister of mining, expounded on this view in a paper read before a panel organized at the initiative of the Joint Committee for Commemorating the National Resurgence Day in 1979 at the "Joang 45" Building at 31 Menteng Raya Monday evening [28 May].

Two other panelists appeared that evening, Rachmet Muljomeseno, former minister of trade, and Frans Seda, former minister of finance and former Republic of Indonesia ambassador to Belgium.

Quoting World Bank projections, this technology expert and 1963 alumnus of the ITB [Bandung Institute of Technology], reminded his audience that the Indonesian debt to overseas creditors would amount to \$53.7 billion by 1990 (the projected Indonesian debt for 1979 is \$19.5 billion).

This degree of dependence, he said, is of concern to many individuals in this country as well as to various foreign interests.

The more so since the value of Indonesian oil and non-oil commodity exports in 1990, as projected by the World Bank, will range around \$27.32 billion. The value of oil exports will be \$8.75 billion and of non-oil exports \$18.57 billion, he said.

Meanwhile there is still doubt whether non-oil exports can by 1990 play a role as oil exports decline. The World Bank also has projected that Indonesia by 1990 will spend \$28.04 billion on imports which means the value of imports will be greater than that for exports, Bratanata said.

A trade pattern such as projected by the World Bank is, to Bratanata, a further clear indication of the Indonesian Government's dependence on foreign interests, which will not decline from year to year.

Elsewhere in his paper entitled "Reflections on National Aspirations for Development," Bratanata pointed out that the man on the street judged material development thus far as failing to meet earlier expectations.

Are There Leaks?

Panelist Frans Seda did not concur with Bratanata's views. He believed Indonesia's foreign indebtedness showed no such dependence, but he did agree that the problem of dependence would arise quantitatively at a later point.

He was inclined to question the things the government was doing with foreign credit.

He said dependence will, of course, be a problem if foreign credit is not used to heighten people's economic resilience, if, for example, leaks occur because of mismanagement of foreign credit.

Panelist Rachmat Muljomseno, a member of Commission VII of the DPR [Parliament] expanded on the finance sector. He indicated in his paper that there were many foreign exchange and rupiah leaks in the implementation of Pelitas I and II [First and Second Five-Year Development Plans].

Without providing any figures in detail, Rachmat said that the FAR EASTERN [ECONOMIC] REVIEW and TIME had alleged that there were leaks of foreign exchange.

Rachmat expressed surprise that apparently not one of the donor nations had dared to mention the problem.

He illustrated his statement by quoting the late Leimena, saying that IGGI [Intergovernmental Group on Indonesia] in essence acted as the "Voorijder" [driver] for foreign investment operations and joint ventures. History will prove the facts of the matter later, Rachmat said.

Frans Seda did not agree with Wahyu Kusumanegara, chairman of the Pancasila Economic Theory Institute, who questioned the terms demanded by donor nations for aid debt involved.

Quoting reliable sources, Wahyu said loan aid under these terms involved uncontrolled imports from donor nations. Capital investment from donor nations included as a consequence free repatriation of funds from Indonesia. On the other hand, the Indonesian Government was obligated to maintain the level of the rupiah exchange rate to the extent possible.

On the same occasion, Wahyu Kusumanegara also reminded his audience of the forecast of Prof Johannes, professor at Gajah Mada University, who said that the entire Indonesian national economy will be dominated by citizens of Chinese descent and alien entrepreneurs by the year 2000.

SIX VIETNAMESE REFUGEE PROCESSING CENTERS ESTABLISHED

Jakarta SINAR HARAPAN in Indonesian 12 May 79 pp 1,16

[Article: "13,939 Vietnamese Refugees Housed in Riau Archipelago"]

[Excerpts] On Friday [11 May] diplomats from nations accepting Vietnamese refugees and ASEAN [Association of Southeast Asian Nations] nations inspected the refugee processing center on Bintan Island following an observation tour of Galang Island the previous day. Indonesia offered the island as a center for processing refugees who eventually will be moved to third nations.

Godowns owned by PT Pancaniaga around Tanjung Pinang have been made available to the refugees, and barracks have been built there for them with aid from the UN High Commission for Refugee Affairs (UNHCR). Daily living expenses are taken care of by the UNHCR. Local subdistrict officials manage the operation.

The refugees said the services of Indonesian officials and the attitude of the local populace were "very good." Most of the refugees selected the United States, Canada, and France as their desired ultimate destination.

Since 1975 a total of 15,392 Vietnamese refugees have come to this archipelago in 127 motorized vessels. Only a small portion of this number has been channeled to a third country.

At present 13,939 refugees are living at the processing centers in the archipelago.

Edward E. Masters, United States ambassador, when asked for his views, said the refugees, of course, must be sent to the nation of their choice quickly for their own sake.

When asked his opinion on Galang Island which he had just observed, Ambassador Masters said that in his view the conditions were adequate. However, he was no judge because technical expertise was needed. The ultimate decision on the problem, of course, rests with the meeting on the refugees to be held in Jakarta next week, he said.

Indonesia offered the island because it had only 240 inhabitants and was only 45 kilometers away from the Tanjung Pinang.

The island has an area of 164 square kilometers, can be approached by fairly large ships, and has a river which flows at the rate of 1 cubic meter per second. It is estimated that the river can meet the water needs of about 10,000 persons. Further, water is available in several other places.

In 1964 this island was taken over by the Allies as an assembling area for members of the Japanese Army gathered from all over Indonesia prior to their departure from this country.

6804

CSO: 4213

DELAYS ENCOUNTERED IN MEETING TRANSMIGRATION TARGETS

Jakarta MERDEKA in Indonesian 17 May 79 p 2

[Article: "Only 797 Families Resettled Last Year"]

[Text] The government planned to resettle 27,000 families during fiscal 1979, but evidently only 797 families or 3,435 persons were resettled, according to news obtained by Merdeka on the implementation of the transmigration program in fiscal 1979 which ended in April.

One hundred of the 797 transmigrant families were moved to the Baturaja Martapura resettlement area in South Sumatra, 397 families were moved to the Air Lais Sebelat Bengkulu Project, 100 families were moved to Kalaena Kiri, South Sulawesi, and 200 families were moved to Toili, Central Sulawesi.

Meanwhile the government has fallen behind in its efforts to move 638 families who should have been resettled in fiscal 1978. In 1979/80, the initial year of Pelita III [Third Five-Year Development Plan], it is planned that 50,000 families will be resettled.

Thus a total of 77,638 families must be resettled this year [sic].

Not Yet Prepared

According to a MERDEKA source, the transmigration target was not achieved because the resettlement areas were not ready to receive the transmigrants.

Except for the construction of transmigrants' housing, which can only be done after work on the site has been completed, the preparation of resettlement areas is handled by agencies other than the Transmigration Directorate General.

According to our source, full implementation of the placement of transmigrants for the 1978/79 program cannot be completed before May 1980.

Meanwhile MERDEKA's reporter in Medan told us that delays in preparing resettlement sites in the North Sumatra area, handled by the Bina Marga/PU [Road Construction/Public Works] Directorate General, were due, among other things, to claims presented by companies having HPH [logging rights] there. This means the initial planning did not take forestry areas into account.

CHIEF JUSTICE INVITED TO RETIRE

Jakarta SINAR HARAPAN in Indonesian 15 May 79 p 1

[Article: "Vice Chairman of the DPR PPP Faction, Prof Oemar Seno Aji, Invited To Retire as Supreme Court Chief Justice Because of Age"]

[Excerpts] This morning [15 May] Drs Sudardji, vice chairman of the Development Unity Party Faction (FPPP) in the DPR [Parliament], requested Chief Justice Prof Oemar Seno Adji [sic] to retire from the post he has held up to the present time.

As a reason for his retirement, Drs Sudardji pointed to one of the paragraphs of Law No 13 of 1965 regarding courts within the domain of civil justice and the Supreme Court, which reads as follows: "The Chief Justice shall relinquish his position when he has reached the age of 60."

Sudardji told SINAR HARAPAN that there were other Supreme Court judges besides the chief justice who were over 60 years of age.

Drs Sudardji reminded SINAR HARAPAN that Prof Subekti, former chief justice of the Supreme Court, proudly and nobly retired from his position when he reached the age of 60. He judged the step taken by Prof Subekti as one which upheld the law.

He stated explicitly that everyone has to comply with Law No 13 of 1965 and other laws.

Sudardji asked, if these are not upheld by members of the Supreme Court, why should they be upheld by the public? He also stated explicitly that success in developing the economic and political sectors rapidly should not be tarnished by failure to uphold the law.

6804

CSO: 4213

JOINT AUSTRALIA-INDONESIA MAPPING PROJECT AGREEMENT SIGNED

Jakarta MERDEKA in Indonesian 19 May 79 p 9

[Article: "Mapping of Irian Jaya Undertaken by Indonesia and Australia"]

[Excerpts] On Friday morning [18 May] in Jakarta the Indonesian and Australian Governments signed a "memorandum of understanding" regarding a geological mapping survey to be undertaken jointly for Irian Jaya.

The newly-signed joint project covers geological and geophysical mapping of Irian Jaya Province to identify energy and mining resource areas which may justify a more detailed survey.

Indonesian geologists working with Australian partners have completed the greater part of the work planned for the western portion of Irian Jaya, and the mapping of the Kepala Burung region is expected to be completed by the end of this year.

Survey and mapping teams later will move further into the interior of this province.

The Australian Government commitment for this project is part of the overall Australian aid program for Indonesia and is administered through the Australian Development Aid Bureau by the Mining Resources Bureau, which is a sub-unit of the National Development Department.

Governmental approval of Australian aid for Irian Jaya Province was granted through BAPPENAS [National Development Planning Board]. The Australian contribution toward the joint mapping project amounts to Australian \$6.283 million or about 4,707,870,000 rupiah.

Twenty More Years

Katili, General Mining director general, in his welcoming address, said that if geological mapping is carried out at the present rate, about 20 more years will be needed to complete the mapping of Indonesian territory. This means it will take four more Pelitas [five-year development plans].

According to Katili, this is a regional geological survey, resulting in geological maps in the 1:100,000 scale for Java and 1:25,000 scale for areas outside Java.

Consideration has not yet been given to a more detailed survey and geological mapping, for instance, geological mapping outside Java to a scale of 1:100,000 or even greater detail (scales of 1:50,000 or 1:25,000).

Katili pointed out that Indonesia's land area totals 1,923,350 square kilometers, and geological maps have been prepared systematically for only about 35 percent of this area.

Prior to Pelita I, mapping was completed systematically for only about 4.5 percent of the area. During the Pelita decade, about 30 percent of the area was mapped systematically, he added.

Systematic geological mapping of Irian Jaya began in 1975 in Waigeo Island and the surrounding area. In 1976 aerial photography of the entire region was undertaken by BAKOSURTANAL (Army Topographic Service) together with the Australian Royal Air Force under a project called the "76 Cenderawasih Mapping Operation."

A special ground survey was also undertaken for the geological survey at the recommendation of the research minister in 1976.

In 1977/78 mapping of the Biak area was done jointly by the Geological Directorate and the Australian Bureau of Mineral Resources (BMR). During the same period the Geological Directorate undertook on its own the systematic geological mapping of the Sorong area.

Later in 1978/79 mapping and a gravity survey of the Mar area were undertaken jointly by 10 men from the Geological Directorate and five men from MBR.

6804

CSO: 4213

VOLUNTARY NATURE OF CO-OP MEMBERSHIP EMPHASIZED

Vientiane SIANG PASASON in Lao 26 May 79 p 1

[Editorial: "Do a Good Job of Solving Problems of Agricultural Cooperative Members"]

[Text] A question raised in a given cooperative is: Who are the members of the cooperative? It is clearly stated in the provisional directives concerning cooperative formation that, "peasants and other workers in the countryside 16 years of age and over, regardless of sex, residents or nonresidents of the locality who willingly abide by the provisional directives of cooperative formation can voluntarily apply for membership and, duly approved by its members in the general meeting, become members of a cooperative."

Because the provisional directives were not grasped sufficiently firmly, some cooperative units in the past have regarded every person in the member family as its members while other units have not included the elderly as members. None of these practices are correct. There is still another problem: If for any reason members of the coop wish to resign from membership after the coop has been organized, sufficient and clear explanation should be given to them. If they still ask to resign, permission to leave plus the benefits to which they are entitled, should be granted. Also, consideration should be given if, later on, they wish to apply for readmission to membership; they should be accepted after satisfactory evaluation of their qualifications has been reached. This is because the objectives of the party and state are to unite all the peasants and manual workers to join in the coops. We are to refrain from suppression, intimidation, and creating a poor relationship with those who are going to quit or those who have not yet joined the coop.

We must grasp firmly the coop's principle: "Voluntary, mutually beneficial, and democratic system of supervision." "Voluntary" is to mean that each and every one is free to think for himself whether or not to join the membership, without intimidation or force. Only when the peasants see for themselves the benefit of joining will they energetically and enthusiastically exert their efforts for the coops' progress.

Conversely, in any coop that was organized as a result of pressure or with dissatisfaction of any group of members, the supervision task in such coop will face the most difficult problems and could expect no production progress or expansion. We can, therefore, safely say that the member is the basic issue of the coop which needs careful analysis and most attention.

Furthermore, youthful males or females of 16 years of age still in school may not be accepted as coop members. If they apply upon graduating from school, we may accept them. However, had they worked for the coop prior to their going to school, compensation commensurate with the type of work they performed should be paid to them. As for those who previously earned their living by exploiting [others], those who lost their rights as good citizens, prisoners still hated by the people and have not transformed themselves are among those ineligible for coop membership. If these people contributed their labor to the coop, work points should be calculated and awarded. At the same time every avenue should be explored by each and every coop member to help these people. If their behavior improves, they should be accepted as full members. When all these are met, the people will earnestly join in the coop and will help push it steadily to progress and success.

9438

CSO: 4206

SUPERVISORY, INSPECTION RESPONSIBILITIES IN CO-OP DETAILED

Vientiane SIANG PASASON in Lao 7 Jun 79 p 3

[Article in "Questions and Answers on Problems of Agricultural Cooperatives" column: "Supervisory and Inspection Committees of Agricultural Cooperatives"]

[Text] Question: How many members should the supervisory committee and the committee for inspection have?

Answer: Depending on whether it is a large or small agricultural coop, the general meeting of members decides on the choice of from 3 to 7 members for the supervisory committee (that is, a small coop should select no less than 3 people and a large unit no more than 7) and between 2 to 5 members for the inspection committee. The system of electing a committee member can be either by secret ballot or by open vote, that is to raise hands or whatever means according to the actual conditions of a particular coop unit. To be chosen as a legal member of the supervisory committee and committee for inspection, the individual member should receive votes of over half of the members present in the general meeting. After being elected, the supervisory committee and the committee for inspection, to be considered legal, must receive approval from the district authorities. Elections for the supervisory committee and the committee for inspection are held once a year.

In the event a member of the committee, while in office, is transferred to another post elsewhere, dies or is discharged, a coop general meeting may be called in order to elect a new member to fill in the vacant position if deemed necessary.

Question: What are the functions of the supervisory committee and the committee for inspection?

Answer: The two committees are to clearly delegate detailed duties and responsibilities to each of their members. Both committees are to perform separate functions as follows: The supervisory committee has the responsibilities of controlling and supervising daily operations of the

coop in production, supervising laborers and in monetary affairs. The duty of the inspection committee is to represent the coop members in inspecting the work of the supervisory committee and those of the working members to ascertain whether or not they carry on their assigned duties according to the coop guidelines and those of the coop's general meeting resolution. The inspection committee does not have the right to supervise the production work and other functions of the coop. The supervisory committee functions as a team in a fashion of democratic centralism but it holds high a spirit of individual responsibility to an assigned duty as a prime objective.

Question: What are the qualifications of candidates to the supervisory committee and committee for inspection?

Answer: [One must be] enthusiastic and earnest in all phases of coop work; capable of taking responsibilities assigned to him; is honest and sincere with respect to the common interests of the coop; trusted by the membership. In choosing [candidates] pay attention to youthful (male or female) members; where there are multi-ethnic groups, representatives of the ethnic groups must be present in both committees.

If a member of either the supervisory committee or committee for inspection violates the rules or discipline and causes severe damage to the coop's interest or violates state law, the general meeting of the agricultural coop may dismiss him and elect someone else to replace him.

Question: What is the leadership role of the party?

Answer: Wherever a party chapter exists, party committee members must discuss among themselves as to how to appropriately lead the coop, sending some party member to be elected or to participate in the supervisory and organizing committees to directly lead the coop's works.

Question: What are the roles of canton authorities?

Answer: Canton authorities are to guide the coop to be in line with the plans, party policy and state law. They help coops in solving problems in conducting their business within the framework of coop plans. Canton authorities have no rights to intervene in the coop's miscellaneous internal problems.

Question: How are specialized cadres trained?

Answer: Other than the various supervisory and organizing committees elected by the coop's general meeting, a certain number of coop members, depending on the need of a specialized task or technical matter, may be called upon to help or be sent by the coop to study a specialized subject at courses arranged by the state to help in every phase of the coop's work, such as, finance, statistics, cultivation, animal husbandry, veterinary medicine, forestry, irrigation, etc.

Question: What are the account books of the coop supervisory committee?

Answer: The supervisory committee must have account books to record all detailed activities of the coop and safeguard them well; these must be available upon request or review by the coop members.

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CSO: 4206

COMPENSATION FOR USE OF DRAFT ANIMALS IN CO-OP REVIEWED

Vientiane SIANG PASASON in Lao 12 Jun 79 p 3

[Article in "Questions and Answers on Problems in Agricultural Coops" column: "Solving the Draft Animal Problem in the Agricultural Cooperatives"]

[Text] Question: What is the solution for cattle and buffaloes brought into the coop?

Answer: When a coop member brings his cattle in for coop work, detailed and appropriate compensation should be calculated. To insure mutual benefit, the following guidelines are in effect:

- (1) If a coop member continues to take care of his cattle, at the time of the planting season the coop has to compensate him with paddy or labor points based on the animal's strength or the amount of work in which the animal was used.
- (2) If he sells the cattle to the coop, the total amount paid by the coop is calculated on the basis of the category of cow or water buffalo sold. In the event that he sold them to the coop with the coop leaving them with him for raising, the coop has to pay him for the labor performed in this work as stipulated. In the initial phase if the coop has no program for animal husbandry, it should buy only the animals capable of pulling the plow. As for the young cattle, they should be left to the member's care. The general policy is for the coop to organize the raising of cattle to support production; collect manure for use as natural fertilizer; eliminate scattered animal raising and promote villagers' health by getting the beasts out of pens under the houses. Coops organizing collective animal husbandry should set up a separate area and raise the animals well. Additional grass should be planted in pastures where needed, or have reserve grass ready for the cattle when grass is scarce. People should be sent to study veterinary medicine. The state will concentrate on accumulating preventive vaccine to suppress the sickness among the coop's domestic animals and will take timely action to eradicate the cattle diseases. Other than the cattle

sold to the coop, coop members still have the right to separately raise their own cattle. In the past, members of some coop units have given all their cattle to the coop without being compensated. There must be some research to solve [problems] to insure the collective interest and to insure the expansion of animal husbandry.

9438

CSO: 4206

BRIEFS

SOVIET TRADE--Katmandu 28 July--A senior official of the Union of the Soviet Socialist Republic (USSR) Ministry Foreign Trade Dr S. Pavlov has indicated the possibility of expansion of trade between Nepal and his country in the near future, reports RSS [Rashtriya Samachar Samiti]. Dr Pavlov who is here on a few days visit in connection with market research both for import and export to and from the Soviet Union, however, feels that it is too early for him to identify the items now. Import of woolen carpets by the Soviet Union is a great possibility, a Soviet Embassy official confided later. Dr Pavlov also said that his majesty was receiving regular information on Nepali market through the USSR Embassy in Katmandu and his research is based on the information thus received. The expert on Soviet trade relations on south and southeast Asia said that his country was a stable and definite market for woolen knitted garments as well. Stating that his majesty was interested in expanding trade relations with Nepal, Dr Pavlov said but it also depended on how Nepal chooses to develop her industries. [Text] [Katmandu RISING NEPAL in English 31 Jul 79 p 3 BK]

EXPORTS INCREASE--Katmandu, 1 August (RSS)--Nepal's export trade to overseas countries has increased by 65.5 percent [all figures as published] in the past 2 years. According to the trade promotion centre, Nepal exported 601,300,000 rupees worth of goods to overseas countries in the last fiscal year, whereas in the previous fiscal year, Nepal had exported 238 million rupees worth of goods to these countries. According to the trade promotion centre, the European Community is the largest overseas importer of Nepali goods. It imported 33.5 percent of Nepal's total overseas export volume in fiscal year 1977-78. [Katmandu RISING NEPAL in English 2 Aug 79 p 3 BK]

CSO: 4220

REACTION TO HAQ'S PROPOSED ELECTION SYSTEM REPORTED

Karachi DAWN in English 25 Jul 79 pp 1, 10 BK

[DAWN Lahore Bureau]

[Text] Lahore, 24 Jul--Although the political parties have yet to take a formal decision over President Ziaul Haq's proposal regarding the introduction of proportional representation system, it has already evoked nationwide interest and mixed reaction.

While some of the parties appear to have a skeptical approach to the proposal particularly because it has come at a stage so very close to the election schedule, others are of the opinion that the formula should and could be considered in depth since it could provide a better basis for gauging the strength of various parties and giving representation to maximum number of political elements. However, the proposal brings to the limelight some interesting features of the system.

First, the proposal envisages a mixture of the existing relative majority system and the list system based on proportional representation--in other words even if the formula is accepted and implemented, the full impact of proportional representation system would not be felt during the coming polls which would be held under both the systems.

Secondly, although apparently skeleton groups which would fail to muster say even 5 percent of the total number of votes cast would be wiped out. In actual practice the proportional representation system goes in favour of such small parties as have small pockets of popularity here and there, but not enough influence in any single constituency. These parties might succeed in mustering a few lakh votes from all over the country and ultimately a few seats through the quota system. However, conscious of the fact that by themselves they are not in a position to form a ministry, they might shift their support from one major party to another thereby proving to be a destabilizing factor.

Thirdly, it is very unlikely that in the present multiparty setup any single political party would be in a position to form government because all known parties would have their share in the seats and no single party

would succeed in winning the majority of the house for which the majority of the total number of votes is also a necessary requisite. In other words, unlike the past when for example the PPP [Pakistan People's Party] got over 60 percent [of the] seats by polling only about 35 percent of the total votes, it would be very difficult for any party to have a majority by itself. Thus in all probability, the future governments would be coalition governments having all their inherent weaknesses.

The system also suits the top leaders of the parties since in the list of party candidates to be supplied to the election commission their names would be on the top and hence the chances of their being elected would be brighter.

The system of drawing a list of candidates might prove to be a problem and an embarrassment for the parties as fixing the priorities of their own workers and leaders would only cause bitterness among the rank and file. The task might turnout to be more unpleasant for the PNA [Pakistan National Alliance] where so many parties would be involved in the drawing of the list.

The system might also be of advantage to such party candidates as do not have the ability or aptitude to canvass personally, but might now be returned to the assemblies because of being around the top of the list of party candidates.

The disturbing feature of system is that quite a few small parties might get representation in the house with only five or six seats--each of them trying to bargain with the "potential ministry makers."

Opinion is divided over the question as whether or not an amendment to the constitution would be required to enforce the system. During the coming three weeks--by the stipulated date of Aug 14--however, the position will crystalise.

One thing is certain that under the proposed system it would be almost impossible for any single party to muster two-thirds majority necessary to amend the constitution--a phenomena which has not been rare in the past.

CSO: 4220

CONSTITUTIONAL ADVISER DEFENDS NEW ELECTORAL SYSTEM

Karachi Domestic Service in English 1700 GMT 31 Jul 79 BK

[Text] The adviser on constitutional affairs, retired Mr Justice Hamdodour Rahman, in an interview with APP [Associated Press of Pakistan] in Islamabad, has said the introduction of proportional representation system will not in his opinion require any constitutional amendment. Referring to the objections raised from different quarters to the proposal put forth by President Mohammad Ziaul Haq about a week ago, he said most of these objections were unfounded and based on inadequate knowledge. He said the proposal combined the best of the relative majority system and the system of proportional representation. It would introduce an electoral system which would truly reflect the wishes of every section of the electorate. He said in his assessment there was no substance in the contention that the proposal would entail any constitutional amendment. He said the arrangement for constituencies which use the new system ought not to take too much time.

He added that the system is not unknown in the constitutional history of Pakistan. The 1973 constitution in Article 59 provided for election of the senate on the basis of proportional representation. Various political parties including the PPP [Pakistan People's Party], the Jamaat-i-Islami and the Jamait-i-Ulema-i-Islam had promised in their manifestos in 1970 to introduce this system. He said the present constitution had laid down that elections to the 200 seats of the national assembly will be held through direct vote. Under the new system these seats would again be filled through direct vote. He strongly repudiated the suggestion that there was a move to reintroduce the one unit through the new system. The objection that this system was possible only in a unitary form was not based on fact because the system was in use in Federal Germany, which was a federation. He said the voting procedure could be modified and simplified to suit our conditions. This would not pose any problems. He also said the provincial quota of seats in the new system would not be disturbed. He added that the proportional representation would reduce splinter parties through the desired clause which eliminates political parties getting less than 5 percent of the total votes. The objection that the new system would lead to fragmentation of the body politic of the country was thus unfounded.

He said the system did not debar independent candidates from contesting elections. It provides opportunity to everyone to seek election and insured that every section of the population was represented in the assembly.

The adviser on constitutional affairs said this scheme of proportional representation was not a final one. It was a suggestion speculated for the purpose of seeking opinion of political parties and other sections of the society.

CSO: 4220

PAKISTANI REFUTES CRITICISM OF TAX SYSTEM

Karachi Domestic Service in Urdu 1500 GMT 8 Aug 79 BK

[Text] An official spokesman in Islamabad today described as incorrect and without facts the statement of Prof Ghafoor Ahmed, deputy chairman of the Jammat-i-Islami, appearing in some newspapers today which criticized the income tax ordinance 1979. The spokesman said the allegations made in the statement, especially the one against the finance minister that he had concealed the bad aspects of the new ordinance in his budget speech, are contrary to facts.

The spokesman said that in his budget speech the finance minister had emphasized that the tax rules table had been reviewed and a special feature of this has been that relief has been provided to people of the low income group. The present tax level for people earning between 21,000 to 40,000 rupees annually has been maintained, while taxes on those earning over 60,000 rupees annually has been increased. The tax table has thus been made more progressive. The finance minister had also indicated that the super tax on companies other than banking companies will be raised from 20 to 25 percent. The present surcharge on income tax and super tax will remain. The spokesman said all these facts were made clear and the point was emphasized that, as a result of the review of the rules, certain groups would have to pay more taxes. This was natural in order to achieve a progressive tax system.

The spokesman also denied that relief provided to people of low income groups is more than the income derived from taxes imposed on those earning more. The treasury thus had to incur an additional burden of 4.4 million rupees. This amount has been included in the budget proposals on revenue expenditure in the budget.

The spokesman said it was clearly stated in the finance minister's statement that under the self-tax payment scheme taxpayers would not have to present themselves in the income tax offices nor would they be harassed in any way and the correct situation thus made clear. The spokesman said the government had made advance publication of the self-tax payment scheme which covers over 95 percent of the taxpayers. Under this scheme, if taxpayers correctly assess and deposit their portion of their income, then they will not be called to the income tax offices. The government is firm on this pledge, and the assertion made in the statement of Prof Ghafoor Ahmed is completely incorrect and misleading.

PAKISTAN PEOPLE'S PARTY OFFICIAL URGES POWER BE GIVEN TO PEOPLE

Karachi THE DAILY MUSAWAAT in Urdu 5 Aug 79 pp 1, 4 BK

[Excerpt] Peshawar, 4 Aug—Mr Aftab Ahmad Khan Sherpao, chairman of the Frontier State Pakistan People's Party, has said that the government, in its desire to avoid elections and in the context of Pak-Afghan tension, should refrain from any step which could threaten the future of Pakistan and its people. He said for the political solution of political problems it is most essential that the government hold general elections under the 1973 constitution and hand over supreme power, which has been in the hands of the bureaucracy for the past 2 years, to the elected representatives of the people.

Mr Sherpao said the people of Pakistan are beginning to view with suspicion the government's maneuvers to hold local body elections and the proportional representation system as attempts to avoid holding the elections. They are also apprehensive that following failure of such tactics the government may by mistake involve itself in some adventure that could not only endanger the security of Pakistan and its people but of the whole region itself. Such apprehensions are gaining ground in view of the openly provocative acts of the Afghan refugees and the keen interest of the Western press to involve Pakistan in the internal affairs of Afghanistan. Imperialist forces do not favor friendship and goodwill between Pakistan and Afghanistan. It is their utmost endeavor to see the present rulers of Pakistan get embroiled in an open war with Afghanistan. He said if somehow these imperialist plots succeed the results will be catastrophic, which may never be soluble.

Mr Sherpao said the wise thing to do in the light of the present situation is to turn over power to the people so that they can solve their future destiny themselves. He said Pakistan's past is witness to the fact that whenever the ruling circles, without wisdom, embroiled Pakistan in the flames of war, the results went against the country. Hence good sense demands that the government realize its basic duty, the first of which is to appreciate the situation and fulfill its pledge to hold general elections.

BRIEFS

NEW ELECTION FORMULA--Lahore, 24 Jul--The Punjab PPP [Pakistan People's Party] president, Sheikh Rafiq Ammend, has said the idea of holding general elections under the proportional representation system is an attempt to diminish the election prospects of the People's Party. Talking to newsmen here today, he said the government first amended the constitution to facilitate separate electorate. Later on, the idea of local bodies election before the general polls floated which showed that the government feared the PPP victory in the general election, he added. He remarked, "We expect the PNA [Pakistan National Alliance] and other political parties which had left the PNA will be forced to unite again with a view to bringing them in power if elections were held under the proportional representation system." These parties, he added, could not get 5 percent of the total votes individually. [Text] [Karachi DAWN in English 25 Jul 79 p 1 BK]

PPP ALLIANCE OFFER REJECTED--Larkana, 22 Jul (PPP)--The chief of the Pakistan National Party [PNP], Mr. Ghaus Bakhsh Bizenjo, has rejected the three-point offer of alliance with other political parties made by Pakistan People's Party [PPP]. Addressing a reception at Bughio House, he said the offer was not acceptable to his party. He said the PNP will enter into an alliance with a political party which accepted the principle of four nationalities and provincial autonomy. He expressed the view that the people may not be able to attain their rights through the elections and instead would have to adopt the course of practical struggle. Last night, he had an informal meeting with the newsmen in Larkana Press Club and again made it clear that the PNP had whatsoever no connection with Sindhudesh Tehrik [Movement for a Sindhi Homeland]. He explained to newsmen that the PNP did not believe in separatism, but was working to achieve provincial autonomy within united Pakistan. He said the muhajirs [refugees] living in Sind had the same rights as citizens as the Sindhis. However, he advised them to consider themselves as Sindhi and live like sons of the soil. [Text] [Karachi DAWN in English 23 Jul 79 p 1 BK]

SHIP FOR IRAN--The Karachi Shipyard delivered another naval ship to Iran on 8 August. The shipyard has received orders for 19 ships, of which 9 ships have already been delivered to Iran so far. [Karachi Overseas Service in Urdu 0800 GMT 8 Aug 79 BK]

WEST GERMAN CREDIT--Under an agreement signed in Islamabad 26 July, Federal Germany will provide Pakistan a DM30 million general commodity loan. The loan, repayable in 50 years, will be utilized for buying goods as well as services. It is part of the DM100 million pledged by Federal Germany at the recent consortium for Pakistan meeting in Paris. [Karachi Domestic Service in Urdu 1500 GMT 26 Jul 79 BK]

RISE IN EXPORTS--Pakistan's exports for the last fiscal year totaled 16,530.6 million rupees. Exports for the corresponding period during the previous year were 12,905.6 million rupees. [Text] [Karachi Domestic Service in Urdu 0100 GMT 1 Aug 79 BK]

ANTI-HOARDING MEASURES--In the Punjab, persons involved in hoarding and black-marketing of essential commodities are to be tried under martial law order No 5. Instructions have been issued to martial law authorities in all the districts to take serious action against persons involved in hoarding and black-marketing of essential commodities. [Karachi Domestic Service in English 1700 GMT 9 Aug 79 BK]

CSO: 4220

PHILIPPINES

BRIEFS

TYPHOON DAMAGE--Manila, Aug 16 (AFP)--Floodwaters, triggered by heavy monsoon rains from Typhoon Irving, have killed at least six Filipinos, reports said today. The four days of continuous rains flooded large sections of metropolitan Manila and 28 towns in five provinces of rice-rich central Luzon just north of this city, with the water level reaching six feet in some areas. The Philippine News Agency (PNA) said five persons, including a one-year-old girl, drowned, while a 15-year-old boy was electrocuted. A total of 81 homes were reported swept away in three towns. Early today, a landslide blocked the Naguilian zigzag mountain road and isolated the tourist city of Baguio and Benguet province, 120 miles (192 kms) north of Manila, while 300 persons were evacuated from a lagoon there where floodwaters had submerged 8 houses. PNA said the Naguilian blockade, which stranded many commuters and foreign tourists in Baguio and stopped the shipment of fruits and vegetables from Benguet to the central Luzon and Manila markets, was cleared this afternoon. Weathermen warned of a potential storm brewing west of the U.S. Pacific trust territory of Guam. [Text] [Hong Kong AFP in English 1000 GMT 16 Aug 79 OW]

GASOLINE PRICE HIKE--The Board of Energy yesterday raised the price per liter of regular gasoline by 35.3 percent from 2 pesos 7 centavos to 2 pesos 80 centavos and premium gasoline by 34.5 percent from 2 pesos 23 centavos to 3 pesos effective today. The retail prices of five other petroleum products--jet fuel, diesel fuel, kerosine, fuel oil and liquified petroleum gas--were also increased by an average of 15 percent. [Manila FEBC in English 2330 GMT 31 Jul 79 OW]

CSO: 4220

SRI LANKA

'SUN' COMMENTS ON TAMIL SEPARATISTS' MULTINATIONAL CAMPAIGN

Colombo SUN in English 27 Jul 79 p 7 BK

[Editorial: "Why Madison Avenue?"]

[Text] It is now becoming increasingly obvious that the Eelam extremists are bent on conducting a virulent and well-organised smear campaign against Sri Lanka in influential world capitals.

These extremists are demanding not only a separate state of Eelam in the northern and eastern regions of Lanka but are also calling for a federation of Tamil-speaking people extending from Malaysia to the Maldives Islands and including Sri Lanka and India.

It is, therefore, a worldwide campaign against the territorial sovereignty not only of Sri Lanka but also the sovereignty of Malaysia, India and the Maldives.

Thus it is an opportune time for these governments to collectively clamp down on this vicious propaganda campaign of the extremist separatists.

As for Sri Lanka, Prime Minister Ranasinghe Premadasa's recent exclusive interview in London is only a vote of no confidence in Sri Lanka's ability to counter this mounting tidal wave of anti-government propaganda with heavy communal overtones attached.

In these matters public relations is as vital a subject as, for instance, trade. Many developed countries provide trade or aid depending on the credibility of the receiving country. Investors invest when there is political stability.

If there is one area where the foreign office is to make a proper impact, it is in this sphere of international activity, that of foreign publicity.

Some of our officials turn only a Nelsonian eye on these voracious extremist propagandists. The counter-propaganda vis-a-vis the virulent publicity has been negligible according to the premier himself. How

could one expect them to make an impact abroad when their dialogue with the fourth estate in Sri Lanka is itself aloof. Leave alone image promotion, if they are asked for the initials of a foreign head of state, as likely as not they have to ask their press secretary.

The promotion exercises of our high commissioners and ambassadors culminate with official releases which no great newspaper takes seriously as they are verbose handouts which are anathema [as printed] to editors in a hurry to put their newspapers to bed.

A new and differently oriented offensive is long overdue. Men with a knack for public relations, who are able to "sell" the country's image, are most needed in such an exercise instead of some haughty living in a world of their own, blissfully ignorant of their duties both to the government they serve and to the people amongst whom they temporarily reside.

One most important aspect in revamping our foreign propaganda machinery is in getting to personally know decision makers, opposition politicians, editors and journalists.

There is not much purpose in asking international advertising agencies to do this for the Sri Lanka Government. We have men amongst us who are not only experts but are more committed to a unitary state for Sri Lanka. This going-for-the-foreign-expert mentality stems from a lack of confidence in our own capability. It is also, needless to say, a waste of foreign exchange.

We cannot leave it to the amateurs in our missions abroad who go under the euphemistic label of information officers.

CSO: 4220

SRI LANKA

BRIEFS

AGREEMENT WITH FRG--An agreement was signed in Colombo on 6 August covering the additional loan of 6 million marks from the FRG for the urea factory that will go into production in 1980. The loan is for a period of 50 years with a grace period of 10 years and the interest rate is 0.75 percent per annum. [Colombo International Service in English 1045 GMT 7 Aug 79 BK]

SCANDANAVIAN COUNTRIES' AMBASSADOR--Ambassador of Sri Lanka in Sweden Bhadrapala Wickrematunge has been appointed as ambassador to Denmark, Finland and Norway with residence in Stockholm, according to a press release from the Foreign Ministry yesterday. [Text] [Colombo SUN in English 21 Jul 79 p 3 BK]

USSR HELICOPTER OVERHAUL--Helicopters of the Sri Lanka Air Force will shortly be overhauled by a firm of engineers from the Soviet Union. Defence Ministry sources told SUN that an agreement to this effect was now being examined by the government. The firm is expected to overhaul these Soviet-built helicopters within 15 days. The overhauling is likely to cost the government around \$6,000 (RS.90,000). [Text] [Colombo SUN in English 30 Jul 79 p 1 BK]

SOVIET CYCLONE RELIEF--A consignment of 2,220 tons of asbestos corrugated sheets and 4,500 kilos of tackles were gifted to the cyclone relief fund by the Soviet Union last week. This was the third consignment of cyclone relief which was handed over to the Sri Lanka Government by the Soviets, according to a press release issued from the Soviet Embassy in Sri Lanka. [Text] [Colombo SUN in English 21 Jul 79 p 12 BK]

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